

# Packers Asked To Name Food Board Members

Editor of 'National Provisioner' Consulted by Hoover; Wrote to 'Big Four'

## Facts Found in Letter

on Stand Suggests Government Control for Industry Under One Head

WASHINGTON, Jan. 25.—J. Ogden Armour, testifying under cross-examination to-day before the Senate Committee on Agriculture, admitted that under the price-fixing regulations of the Federal food administration it was possible for the big packers to have made large profits that would not show in the published statements of these companies as to their earnings. He denied, however, that Armour & Co. was a beneficiary from any hidden profits of this kind.

How the five big packers—Armour & Co., Swift & Co., Wilson & Co., Morris & Co. and the Cudahy Packing Company—had contributed to a joint fund to defend the common interests of the industry was developed by Francis J. Heney, special counsel of the Federal Trade Commission, who conducted the cross-examination of Mr. Armour. Mr. Heney read into the record correspondence showing that George L. McCarthy, general manager of "The National Provisioner," a trade paper, and secretary of the National Association of Meat Packers, an independent organization, had consulted the "Big Five" packers as to which of the independent packers he should recommend to Herbert Hoover, the Federal Food administrator, for appointment in the food administration.

"Secret Salary" Paid  
It had previously been testified that McCarthy received a "secret salary" of \$5,000 from the "Big Five" packers. In his letter to the "Big Five," as read into the record by Mr. Heney, McCarthy said Mr. Hoover had asked him to pick out men from the independent

packers who could serve on the food administration in the regulation of the meat packing industry.

The transport Maui, which docked at Hoboken just before dusk, was the last one in. Her troops were kept aboard the ship and will be landed to-day, when they will be taken in special trains to Camp Merritt. The majority of the men had gone through the nighting at Camp Merritt, St. Mihiel and Chateau Thierry.

Sergeant William J. Kolmel, of Broad Channel, Long Island, was one of the "lost battalion." Private Charles E. Muhlton, of 2nd West 124th Street, was in the company that rescued it.

Private P. R. Stein, of 210 West 116th Street, another Maui passenger, saw service with the 26th Infantry at Soissons, Verdun and St. Mihiel. Later he went into the Arconne.

Stoutly insisting that the large companies had been of distinct benefit to the cattle producers and the consumers, the matter of prices and service, Mr. Armour told the committee that he would favor the consolidation of the entire meat packing industry of the country into a single private corporation under government supervision.

"If it were possible to do this," he told the committee, "and the live stock men could be taken in, and the single monopoly be placed under government supervision, so that the packers would be allowed a fair margin of profit, it would be of distinct benefit both to the cattle producer, who would get more for his livestock, and to the consumer, who would pay less for his meat. It would then be possible to effect economies of management not now possible, as, for example, in the matter of delivery systems and sales costs."

Drift Toward "Big Three"  
"Is it not a fact," Mr. Heney asked, "that the present tendency of the big five packers is to drift toward just three companies—Armour, Wilson and Morris?"

"I've heard some talk of it," smilingly replied the witness, who had admitted shortly before that he controlled 70 per cent of the common stock of Armour & Co., the rest being divided among the other members of the Armour family.

Questioned by Mr. Heney and members of the committee, the witness admitted the ownership of a "substantial though not controlling" interest in the Chicago, Milwaukee & St. Paul Railroad, of which he is a director, and that he was a stockholder and director in other railroads and in several banks, including the National City Bank, of New York.

Mr. Heney sought unsuccessfully to make the witness admit that his interests in various railroads and banks enabled him to bring discrimination to bear against small packers who did not own their own refrigerator cars or those seeking loans.

Figures Favored Packers  
In his efforts to make it appear that

the regulations of the food administration were favorable to large hidden profits in favor of the packers, Mr. Heney drew from the witness the fact the food administration had furnished the packers with the figures which, for instance, they should use as values in making up inventories of their packing products for the purpose of determining what they should be allowed to earn on their capital assets.

These figures, the witness admitted, were approximately 75 cents a hundred pounds under the prevailing market price on these products, the 75 cents representing the judgment of the experts of the food administration as to the expense of marketing the products.

This inventory value, he agreed, appeared on the books of Armour & Co. and the other packers at the figure furnished by the food administration. He admitted that had the administration's estimate of marketing expenses turned out to be too high, or where the subsequent sale prices on these hog products increased above the market value at the time the inventory figures were furnished, the resulting increment of profits would never show on the books.

Mr. Heney also said that, whereas the food administration had given \$1 million in credit to the big packers had not been allowed to earn more than 9 per cent on capital invested, actually they were permitted to earn much more.

Didn't Take It All  
"Indeed," declared Heney to the committee, "the liberality of the food administration was such that the packers did not take as much as they could have under the rules laid down."

Whereas the statement of Mr. Hoover, Henry said, gave the impression that he referred to the fixed investment of the packers at the beginning of the fiscal year, actually Mr. Hoover permitted them to earn 9 per cent on each additional amount of borrowed money as working capital. As it was the practice of the packers, he said, to turn over this working capital every two weeks, the extent to

which the Hoover statement was misleading was obvious.

Mr. Armour admitted that the regulations permitted returns to be made on each amount of borrowed working capital, but denied that Armour & Co. had availed itself of the full profits possible under this arrangement.

"Joint Fund" Again  
With regard to the "joint fund" subscribed to by the "Big Five" packers for the purpose of protecting their common interests, Mr. Armour admitted that the proportionate share of the expenses was approximately the proportion each carried under the famous "Veeder Pool" of 1898, which was dissolved when the government undertook injunction proceedings. This pool was formed, Mr. Armour admitted, to control the supply of live cattle arriving at the stock yards, in order to prevent a break in prices for meats.

He also admitted that the joint fund now subscribed to by the packers was handled usually by the same Henry Veeder.

"Is there not a similar mutual protection arrangement between the 'Big Five' packers and Jellie & Co., in the oleomargarine business?" asked Mr. Heney.

"Hardly a pool, but quite a natural arrangement to divide the expense," Mr. Armour replied.

The "Big Five" control about 60 per cent of the oleomargarine business, and Jellie & Co. about 25 per cent, Mr. Armour said. He said he had tried repeatedly to find out how it was that Jellie & Co. were able to get so much of the business.

Oleo Follows Butter Up  
Jellie & Co., he said, bought most of their supplies from Armour & Co. Asked how the price of oleomargarine was fixed, the witness said it depended more or less on the price of butter. If butter was high, the price of oleomargarine followed it upward, though it was always kept just below the butter price. He admitted that Swift & Co. and Armour & Co. were "very large"

manufacturers of butter, Swift making 50,000,000 pounds a year, but denied that between them they could control the price of butter, though he admitted that they could "probably influence it."

With regard to poultry, the witness said Swift & Co. had 1,200 poultry buying stations throughout the country and Armour & Co. 250.

Returning to the proportionate shares which the five packers carried of the expenses for the joint fund, including the secret salary paid McCarthy, Mr. Heney read into the record a letter from Veeder to Arthur Meeker, vice-president of the Armour company, showing that the percentages were: Swift & Co., 35.751 per cent; Armour & Co., 29.266 per cent; Morris & Co., 14.983 per cent; Cudahy & Co., 10 per cent, and Wilson & Co., 10 per cent.

"Undoubtedly Earned" His Fee  
Quoting from the letter, Mr. Heney said Veeder wrote that "McCarthy had not received his fee for the year, and he had undoubtedly earned it." This, said Heney, referred to the time when the Borland resolution providing for an investigation of the packers was pending in Congress.

Analyzing Armour & Co.'s statement of earnings, Mr. Heney called attention to the fact that whereas the statement for 1918 included in the figure for capital investment the investment of the company in its South American properties, it did not include in the figure for net earnings those properties, which, Mr. Armour admitted, amounted approximately to \$10,000,000. Added to the net earnings of more than \$15,000,000, the total net return on capital invested, Mr. Heney pointed out, would represent 16 per cent instead of 9 per cent, as set forth in the company's statement. To this \$25,000,000, he also contended, the company should have added \$5,000,000 which it had deducted for losses, in which event the earnings would be 20 per cent.

The committee will conclude its cross-examination of Mr. Armour on Monday, after which Louis Swift, of Swift & Co., will testify.

## Loans to Allies Lowest Since U. S. Entered War

No Great Change Looked for Until Congress Changes Plan

WASHINGTON, Jan. 25.—America's job as banker for the Allies has been lighter this month than at any time since the nation entered the war. Only \$170,000,000 has been paid out as Allied loans since January 1, the Treasury reported to-day, although payments on this account for a long time ran around \$400,000,000 a month. The reduction is caused principally by the curtailment of shipments of food for payment of which the American credits had been largely used.

Until Congress enacts the pending bill, advocated by the Treasury to authorize loans to the Allies for other than strictly war purposes, officials do not look for much change in the present low rate of demand on the American government.

Total credits extended by the Treasury now amount to \$5,588,773,000, but only \$7,854,816,000 has been actually paid out under these credits. Greece, Liberia and Rumania have never presented claims for payments. Russia still has \$12,000,000 to her credit on the Treasury books, although she has not appealed for money since the revolution.

Credits established and payments made up to to-day were reported as follows:

	Credit	Payment
Great Britain.....	\$4,165,981,000	\$4,032,000,000
France.....	2,436,427,000	2,096,427,000
Italy.....	1,319,000,000	1,271,000,000
Belgium.....	258,145,000	237,045,000
Russia.....	225,000,000	187,725,000
Cuba.....	15,000,000	10,000,000
Serbia.....	12,000,000	10,814,000
Czechoslovakia.....	15,000,000	9,800,000
Greece.....	39,554,055	None
Rumania.....	6,666,666	None
Liberia.....	5,000,000	None

## Only 3 Important Items to Clear Up In Revenue Bill

Conferrees Expect to Compose These Differences Monday and to Complete Measure Tuesday Night

WASHINGTON, Jan. 25.—The tension of yesterday among the revenue bill conferrees was followed to-day by a noticeable degree of relaxation.

"We have now reached agreement," said Senator Simmons, chairman of the Senate Finance Committee, after the single session held to-day, "on all except three of the questions that essentially divided us. It is quite possible that the remaining differences will be composed on Monday. In that event we may clean up minor differences and reach a general agreement by Tuesday evening."

The Senator admitted that there was a very serious deadlock yesterday. What broke the deadlock is not known, and no direct information was given out as to what the three remaining differences are. They are, however, generally believed to be phases of the excess profits, estate or inheritance and second class postage subjects. The excess profits rates, it is understood, have been tentatively agreed on, with the large end of the settlement in favor of the House plan, which means higher rates for 1918 profits than the Senate desired.

One of the subjects perplexing the conferrees in the matter of consolidations and reorganizations. The Senate amendment provides that in such case it shall be assumed that there has been no gain in the par or face value of new stock issued in exchange for old. This practically means that if a number of companies unite, they cannot issue more stock in the resulting single company than there was in the old companies, without subjecting their shareholders to income taxation, both nominal and surtax.

The Federal Reserve Board's programme of favoring consolidation of national banks in communities where it considers that here are too many will be obstructed by this measure. A related situation is that if an individual turns his business into corporate form and capitalizes it for more than the actual capital invested, the difference between the former valuation of the business and the amount of the stock he takes will be treated as gain, and be subject to income tax. Some of the tax experts contend that to attempt to tax the difference in both of these situations is to tax enhancement of value rather than income.

Another curious phase is that if an exchange is made of properties, which though of equal value at the time of exchange have increased in value since their original acquisition, both parties to the exchange have the difference treated as gain and subject to taxation. Thus, if two men each bought a house two years ago, the valuation of each at that time being \$15,000, and should now trade houses, with the present valuation of each fixed at \$30,000, each man would be assumed to have made a profit of \$15,000, which would be subject to taxation.

## BONWIT TELLER & CO.

The Specialty Shop of Originations  
FIFTH AVENUE AT 38TH STREET

Fur Coats of Distinction  
AT GREATLY REDUCED PRICES

Women's Hudson Seal Coats  
A collection of unusual models in various styles. Formerly 245.00 to 275.00 **195.00**

Trimmed Hudson Seal Coats  
30 to 36 inch long coats in a number of smart models. Formerly 275.00 to 295.00 **225.00**

Women's Hudson Seal Coats  
45 inch long model of select dyed muskrat pelts. Large shawl collar and cuffs. Formerly 350.00 to 375.00 **245.00**

Women's Taupe Squirrel Coats  
Several distinctive styles made from fine selected pelts. Formerly 350.00 **245.00**

At Reduced Prices Monday  
NO C. O. D.'S - EXCHANGES - CREDITS - MAIL ORDERS

Short Kid Gloves Regularly 1.75 & 2.00 **1.25**  
Odd sizes in white and pearl.

Tan Street Gloves Regularly 2.00 **1.50**  
One clasp gloves, PXM sewn.

White Chamoisette Gloves Regularly 1.00 **.85**  
Short white washable gloves.

Novelty Silk Hose 3 Pairs 8.75 Each **2.95**  
Including openwork insteps or clox, black only.

Medium Silk Hose 3 Pairs 4.85 Each **1.65**  
Reinforced lisle garter tops and soles. Black, white, brown, beige, navy.

Plain & Rib Silk Hose 3 Pairs 3.65 Each **1.25**  
Lisle garter tops and soles, plain or Richelieu rib in black only.

Fibre Silk Sweaters & Middies..... **8.75**  
Various styles in all shades. Formerly 10.00 & 11.75

Imported Shelland Spencers..... **2.50**  
In gray only. Regularly 3.75

Confiners and Brassieres..... **1.00 to 4.95**  
Formerly 1.25 to 10.00

In lace-and-embroidery, lace and silk or crepe de chine, open front or back styles.

Front and Back Lace Corsets..... **3.95**  
Formerly 6.50 to 8.50

Lace back corsets in an assortment of "Bontell" models in broches and satin. Gossard front lace corsets of novelty batiste in shell pink.

## VEILINGS

.50 1.50  
Formerly .75 Formerly 2.50

Imported veilings in plain and novelty effects including diamond and octagon meshes and velvet dots.

About Two Hundred

## WOMEN'S PLAIN and FUR TRIMMED SUITS

Women's Tailored Suits Formerly 39.50 to 59.50..... **34.00**

Silvertone, velour and duvet de laine in strictly and demi-tailored models.

Women's Plain & Fur Trim'd Suits Formerly 65.00 to 85.00..... **44.00**

A collection of some of the season's most desirable styles in velour and silvertone.

Women's Cloth & Velvetene Suits Formerly 89.50 to 125.00..... **64.00**

An assortment of smart exclusive models in soft suitings and velvetene. Handsomely fur-trimmed.

Women's Costume Suits Formerly 175.00 to 250.00..... **125.00**

In duvetyn and velour. Fur trimming of beaver, skunk, Hudson seal.

## SPORTS APPAREL

(INDIVIDUALIZED DEPT.—THIRD FLOOR)

Cloth Sport Coats.....Reduced to **15.00**  
One or two coats of a kind in a variety of novelty mixture cloths.

Plaid and Tweed Coats Formerly 42.50 to 59.50..... **25.00**  
A limited collection of sport coats in a variety of appropriate novelty cloths.

Fur Collar Tweed Coats.....Formerly 75.00 **40.00**  
Overplaid coatings with large collars of raccoon.

## MISSSES' FROCKS, SUITS and COATS

Misses' Wool Knit Frocks Formerly 39.50 to 49.50... **28.00**  
For skating and general sports wear.

Misses' Velvetene & Velour Frocks Formerly 45.00 to 65.00... **36.00**  
A collection of various styles.

Misses' Afternoon & Evening Frocks Formerly 75.00 to 110.00... **60.00**  
Chiffon, lace, tulle, silk, velvet.

Misses' Winter Coats Formerly 55.00 to 69.50... **38.00**  
Velour, pompom, bolivia, crystal cord.

Misses' Winter Coats Formerly 39.75... **26.00**  
In velour coatings and zibelines.

Misses' Jersey & Tweed Suits Formerly 45.00... **28.00**  
Appropriate for college and school service.

Misses' Velvetene & Cloth Suits Formerly 89.50... **44.00**  
Trimmed with fashionable furs.

## BONWIT TELLER & CO.

The Specialty Shop of Originations  
FIFTH AVENUE AT 38TH STREET  
Pre-Inventory Clearance Sale

Women's & Misses' Winter Apparel in All Departments Throughout the Establishment

At Greatly Reduced Prices

NO C. O. D.'S - EXCHANGES - CREDITS - MAIL ORDERS

To Close Out—All Odd Pieces

## FRENCH and PHILIPPINE HANDMADE and CREPE de CHINE UNDERGARMENTS

At Further Price Reductions

## HANDMADE UNDERGARMENTS

Including Chemises, Nightgowns, Combinations and Corset Covers in a collection of odd pieces.

Formerly up to 3.00	<b>1.50</b>
Formerly up to 3.75	<b>2.25</b>
Formerly up to 6.95	<b>3.95</b>
Formerly up to 7.50	<b>4.75</b>
Formerly up to 8.95	<b>5.95</b>
Formerly up to 10.75	<b>6.95</b>
Formerly up to 14.50	<b>8.95</b>

## CREPE de CHINE UNDERGARMENTS

A collection which includes odd pieces in Nightgowns, Chemises and Drawers.

Formerly up to 3.00	<b>1.85</b>
Formerly up to 4.00	<b>2.75</b>
Formerly up to 6.00	<b>3.75</b>
Formerly up to 6.95	<b>4.85</b>
Formerly up to 9.75	<b>6.95</b>
Formerly up to 12.75	<b>8.95</b>
Formerly up to 18.50	<b>11.75</b>

To Close Out About Two Hundred

## NEGLIGES and BOUDOIR ROBES

Discontinued Styles—Greatly Reduced

8.95	18.50	29.50	49.00	69.00
Formerly up to 13.75	Formerly up to 37.50	Formerly 45.00 to 59.00	Formerly 69.00 to 89.00	Formerly 85.00 to 125.00

Small Groups & Broken Sizes

## DRESS and WALKING BOOTS

For Women and Misses—To Close Out

5.75

Included in this sale are boots of patent leather, all black or brown kid—or with white kid tops. Also black or brown Russia calf.

## NECKWEAR

2.95

Formerly 5.00 to 9.50

Odd pieces in collar and cuff sets, collars of Georgette Crepe, satin bibs, high neck linen guimpes, etc.

About Three Hundred & Fifty

## WOMEN'S COATS, CAPES and WRAP-COATS

Women's Winter Coats Formerly 39.50 to 59.50..... **25.00**

Velour, silvertone coatings and corduroy.

Women's Fur Trim'd Coats Formerly 59.50 to 75.00..... **37.00**

Velour, duotones, silvertone, marcella, loupine. Some with self collars.

Women's Fur Trim'd Coats Formerly 79.50 to 95.00..... **56.00**

Velour, duvet de laine, silvertone, frost-glow, English velour. Some with self collar.

Women's Fur Trim'd Coats Formerly 110.00 to 145.00..... **75.00**

Exclusive models in bolivia, silvertone, Evora cloth and some of velvetene.

4 Bolivia Wrap-Coats.....Formerly 85.00... **65.00**

Handsome model with nutria collars.

7 Velour Coats.....125.00... **85.00**

Collar and cuffs of taupe wolf.

3 Duvetyn Capes.....185.00... **95.00**

Deer and Brown. High choker collars of beaver.

2 Evening Wraps.....145.00... **95.00**

In evening shades of velvet.

4 Duvetyn Wraps.....195.00... **110.00**

Nutria fur trimming.

3 Evora Wraps.....195.00... **110.00**

Skunk fur trimming.

1 Evora Coat.....195.00... **110.00**

Raccoon collar and border.

2 Fur Trim'd Satin Coats.....275.00... **135.00**

Deep border, collar, cuffs of Nutria or Hudson Seal.

5 Duvetyn Wrap-Coats.....195.00... **135.00**

Large shawl collar of natural squirrel.

3 Evening Wraps.....225.00 to 265.00... **150.00**

High color velvet—fur trimmed.

5 Duvetyn Coats.....21